

AMENDED IN SENATE JUNE 28, 2011

AMENDED IN ASSEMBLY APRIL 26, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 751

Introduced by Assembly Member Furutani

February 17, 2011

An act to amend, *repeal, and add* Sections 1240 and 42131 of the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 751, as amended, Furutani. Education—~~finance~~: *finance: fiscal oversight of local educational agencies*.

(1) Existing law requires the county superintendent of schools to submit 2 reports during the fiscal year to the county board of education on the financial condition of a county office of education, which certify if the county office of education is unable to meet its financial obligations for the current or 2 subsequent fiscal years or if a county office of education has a positive, qualified, or negative certification.

This bill, *until July 1, 2015*, would require the Superintendent of Public Instruction and the county superintendent to clearly distinguish between specified county offices of education as part of each of those reports, and any other report that indicated that a county office of education is assigned a qualified certification.

(2) Existing law requires the superintendent of each school district to submit 2 reports during the fiscal year to the governing board of the school district on the financial condition of the district. Pursuant to these reports, existing law requires the governing board of each school district to certify, in writing, within 45 days after the close of the period

being reported, whether the school district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the subsequent fiscal year.

This bill, *until July 1, 2015*, would require the Superintendent, a county superintendent, and the governing board of a school district to clearly distinguish between specified school districts as part of each of those reports, and any other report that indicates that a school district is assigned a qualified certification.

The bill, *until July 1, 2015*, would also require the governing board of a school district that chooses to propose reductions or cuts to expenditures in the current fiscal year, after being assigned a qualified certification for a specified reason, to present that proposal, as specified, at an open public meeting. The bill, *until July 1, 2015*, would also authorize the Superintendent to waive specified reporting, certification, and intervention requirements for a county office of education and school district if specified conditions are met.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1240 of the Education Code is amended
2 to read:
3 1240. The county superintendent of schools shall do all of the
4 following:
5 (a) Superintend the schools of his or her county.
6 (b) Maintain responsibility for the fiscal oversight of each school
7 district in his or her county pursuant to the authority granted by
8 this code.
9 (c) (1) Visit and examine each school in his or her county at
10 reasonable intervals to observe its operation and to learn of its
11 problems. He or she annually may present a report of the state of
12 the schools in his or her county, and of his or her office, including,
13 but not limited to, his or her observations while visiting the schools,
14 to the board of education and the board of supervisors of his or
15 her county.
16 (2) (A) For fiscal years 2004–05 to 2006–07, inclusive, to the
17 extent that funds are appropriated for purposes of this paragraph,
18 the county superintendent, or his or her designee, annually shall
19 submit a report, at a regularly scheduled November board meeting,

1 to the governing board of each school district under his or her
2 jurisdiction, the county board of education of his or her county,
3 and the board of supervisors of his or her county describing the
4 state of the schools in the county or of his or her office that are
5 ranked in deciles 1 to 3, inclusive, of the 2003 base Academic
6 Performance Index (API), as defined in subdivision (b) of Section
7 17592.70, and shall include, among other things, his or her
8 observations while visiting the schools and his or her
9 determinations for each school regarding the status of all of the
10 circumstances listed in subparagraph (J) and teacher
11 misassignments and teacher vacancies. As a condition for receipt
12 of funds, the county superintendent, or his or her designee, shall
13 use a standardized template to report the circumstances listed in
14 subparagraph (J) and teacher misassignments and teacher
15 vacancies, unless the current annual report being used by the county
16 superintendent, or his or her designee, already includes those details
17 for each school.

18 (B) Commencing with the 2007–08 fiscal year, to the extent
19 that funds are appropriated for purposes of this paragraph, the
20 county superintendent, or his or her designee, annually shall submit
21 a report, at a regularly scheduled November board meeting, to the
22 governing board of each school district under his or her jurisdiction,
23 the county board of education of his or her county, and the board
24 of supervisors of his or her county describing the state of the
25 schools in the county or of his or her office that are ranked in
26 deciles 1 to 3, inclusive, of the 2006 base API, pursuant to Section
27 52056. As a condition for the receipt of funds, the annual report
28 shall include the determinations for each school made by the county
29 superintendent, or his or her designee, regarding the status of all
30 of the circumstances listed in subparagraph (J) and teacher
31 misassignments and teacher vacancies, and the county
32 superintendent, or his or her designee, shall use a standardized
33 template to report the circumstances listed in subparagraph (J) and
34 teacher misassignments and teacher vacancies, unless the current
35 annual report being used by the county superintendent, or his or
36 her designee, already includes those details with the same level of
37 specificity that is otherwise required by this subdivision. For
38 purposes of this section, schools ranked in deciles 1 to 3, inclusive,
39 on the 2006 base API shall include schools determined by the
40 department to meet either of the following:

- 1 (i) The school meets all of the following criteria:
- 2 (I) Does not have a valid base API score for 2006.
- 3 (II) Is operating in fiscal year 2007–08 and was operating in
- 4 fiscal year 2006–07 during the Standardized Testing and Reporting
- 5 (STAR) Program testing period.
- 6 (III) Has a valid base API score for 2005 that was ranked in
- 7 deciles 1 to 3, inclusive, in that year.
- 8 (ii) The school has an estimated base API score for 2006 that
- 9 would be in deciles 1 to 3, inclusive.
- 10 (C) The department shall estimate an API score for any school
- 11 meeting the criteria of subclauses (I) and (II) of clause (i) of
- 12 subparagraph (B) and not meeting the criteria of subclause (III)
- 13 of clause (i) of subparagraph (B), using available test scores and
- 14 weighting or corrective factors it deems appropriate. The
- 15 department shall post the API scores on its Internet Web site on
- 16 or before May 1.
- 17 (D) For purposes of this section, references to schools ranked
- 18 in deciles 1 to 3, inclusive, on the 2006 base API shall exclude
- 19 schools operated by county offices of education pursuant to Section
- 20 56140, as determined by the department.
- 21 (E) In addition to the requirements above, the county
- 22 superintendent, or his or her designee, annually shall verify both
- 23 of the following:
- 24 (i) That pupils who have not passed the high school exit
- 25 examination by the end of grade 12 are informed that they are
- 26 entitled to receive intensive instruction and services for up to two
- 27 consecutive academic years after completion of grade 12 or until
- 28 the pupil has passed both parts of the high school exit examination,
- 29 whichever comes first, pursuant to paragraphs (4) and (5) of
- 30 subdivision (d) of Section 37254.
- 31 (ii) That pupils who have elected to receive intensive instruction
- 32 and services, pursuant to paragraphs (4) and (5) of subdivision (d)
- 33 of Section 37254, are being served.
- 34 (F) (i) Commencing with the 2010–11 fiscal year and every
- 35 third year thereafter, the Superintendent shall identify a list of
- 36 schools ranked in deciles 1 to 3, inclusive, of the API for which
- 37 the county superintendent, or his or her designee, annually shall
- 38 submit a report, at a regularly scheduled November board meeting,
- 39 to the governing board of each school district under his or her
- 40 jurisdiction, the county board of education of his or her county,

1 and the board of supervisors of his or her county that describes the
2 state of the schools in the county or of his or her office that are
3 ranked in deciles 1 to 3, inclusive, of the base API as defined in
4 clause (ii).

5 (ii) For the 2010–11 fiscal year, the list of schools ranked in
6 deciles 1 to 3, inclusive, of the base API shall be updated using
7 the criteria set forth in clauses (i) and (ii) of subparagraph (B),
8 subparagraph (C), and subparagraph (D), as applied to the 2009
9 base API, and thereafter; shall be updated every third year using
10 the criteria set forth in clauses (i) and (ii) of subparagraph (B),
11 subparagraph (C), and subparagraph (D), as applied to the base
12 API of the year preceding the third year consistent with clause (i).

13 (iii) As a condition for the receipt of funds, the annual report
14 shall include the determinations for each school made by the county
15 superintendent, or his or her designee, regarding the status of all
16 of the circumstances listed in subparagraph (J) and teacher
17 misassignments and teacher vacancies, and the county
18 superintendent, or his or her designee, shall use a standardized
19 template to report the circumstances listed in subparagraph (J) and
20 teacher misassignments and teacher vacancies, unless the current
21 annual report being used by the county superintendent, or his or
22 her designee, already includes those details with the same level of
23 specificity that is otherwise required by this subdivision.

24 (G) The county superintendent of the Counties of Alpine,
25 Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City
26 and County of San Francisco shall contract with another county
27 office of education or an independent auditor to conduct the
28 required visits and make all reports required by this paragraph.

29 (H) On a quarterly basis, the county superintendent, or his or
30 her designee, shall report the results of the visits and reviews
31 conducted that quarter to the governing board of the school district
32 at a regularly scheduled meeting held in accordance with public
33 notification requirements. The results of the visits and reviews
34 shall include the determinations of the county superintendent, or
35 his or her designee, for each school regarding the status of all of
36 the circumstances listed in subparagraph (J) and teacher
37 misassignments and teacher vacancies. If the county
38 superintendent, or his or her designee, conducts no visits or reviews
39 in a quarter, the quarterly report shall report that fact.

(I) The visits made pursuant to this paragraph shall be conducted at least annually and shall meet the following criteria:

(i) Minimize disruption to the operation of the school.

(ii) Be performed by individuals who meet the requirements of Section 45125.1.

(iii) Consist of not less than 25 percent unannounced visits in each county. During unannounced visits in each county, the county superintendent shall not demand access to documents or specific school personnel. Unannounced visits shall only be used to observe the condition of school repair and maintenance, and the sufficiency of instructional materials, as defined by Section 60119.

(J) The priority objective of the visits made pursuant to this paragraph shall be to determine the status of all of the following circumstances:

(i) Sufficient textbooks as defined in Section 60119 and as specified in subdivision (i).

(ii) The condition of a facility that poses an emergency or urgent threat to the health or safety of pupils or staff as defined in district policy or paragraph (1) of subdivision (c) of Section 17592.72.

(iii) The accuracy of data reported on the school accountability report card with respect to the availability of sufficient textbooks and instructional materials, as defined by Section 60119, and the safety, cleanliness, and adequacy of school facilities, including good repair as required by Sections 17014, 17032.5, 17070.75, and 17089.

(iv) The extent to which pupils who have not passed the high school exit examination by the end of grade 12 are informed that they are entitled to receive intensive instruction and services for up to two consecutive academic years after completion of grade 12 or until the pupil has passed both parts of the high school exit examination, whichever comes first, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254.

(v) The extent to which pupils who have elected to receive intensive instruction and services, pursuant to paragraphs (4) and (5) of subdivision (d) of Section 37254, are being served.

(K) The county superintendent may make the status determinations described in subparagraph (J) during a single visit or multiple visits. In determining whether to make a single visit or multiple visits for this purpose, the county superintendent shall take into consideration factors such as cost-effectiveness, disruption

1 to the schoolsite, deadlines, and the availability of qualified
2 reviewers.

3 (L) If the county superintendent determines that the condition
4 of a facility poses an emergency or urgent threat to the health or
5 safety of pupils or staff as defined in district policy or paragraph
6 (1) of subdivision (c) of Section 17592.72, or is not in good repair,
7 as specified in subdivision (d) of Section 17002 and required by
8 Sections 17014, 17032.5, 17070.75, and 17089, the county
9 superintendent, among other things, may do any of the following:

10 (i) Return to the school to verify repairs.

11 (ii) Prepare a report that specifically identifies and documents
12 the areas or instances of noncompliance if the district has not
13 provided evidence of successful repairs within 30 days of the visit
14 of the county superintendent or, for major projects, has not
15 provided evidence that the repairs will be conducted in a timely
16 manner. The report may be provided to the governing board of the
17 school district. If the report is provided to the school district, it
18 shall be presented at a regularly scheduled meeting held in
19 accordance with public notification requirements. The county
20 superintendent shall post the report on his or her Internet Web site.
21 The report shall be removed from the Internet Web site when the
22 county superintendent verifies the repairs have been completed.

23 (d) Distribute all laws, reports, circulars, instructions, and blanks
24 that he or she may receive for the use of the school officers.

25 (e) Annually, on or before August 15, present a report to the
26 governing board of the school district and the Superintendent
27 regarding the fiscal solvency of a school district with a disapproved
28 budget, qualified interim certification, or a negative interim
29 certification, or that is determined to be in a position of fiscal
30 uncertainty pursuant to Section 42127.6.

31 (f) Keep in his or her office the reports of the Superintendent.

32 (g) Keep a record of his or her official acts, and of all the
33 proceedings of the county board of education, including a record
34 of the standing, in each study, of all applicants for certificates who
35 have been examined, which shall be open to the inspection of an
36 applicant or his or her authorized agent.

37 (h) Enforce the course of study.

38 (i) (1) Enforce the use of state textbooks and instructional
39 materials and of high school textbooks and instructional materials

1 regularly adopted by the proper authority in accordance with
2 Section 51050.

3 (2) For purposes of this subdivision, sufficient textbooks or
4 instructional materials has the same meaning as in subdivision (c)
5 of Section 60119.

6 (3) (A) Commencing with the 2005–06 school year, if a school
7 is ranked in any of deciles 1 to 3, inclusive, of the base API, as
8 specified in paragraph (2) of subdivision (c), and not currently
9 under review pursuant to a state or federal intervention program,
10 the county superintendent specifically shall review that school at
11 least annually as a priority school. A review conducted for purposes
12 of this paragraph shall be completed by the fourth week of the
13 school year. For the 2004–05 fiscal year only, the county
14 superintendent shall make a diligent effort to conduct a visit to
15 each school pursuant to this paragraph within 120 days of receipt
16 of funds for this purpose.

17 (B) In order to facilitate the review of instructional materials
18 before the fourth week of the school year, the county superintendent
19 in a county with 200 or more schools that are ranked in any of
20 deciles 1 to 3, inclusive, of the base API, as specified in paragraph
21 (2) of subdivision (c), may utilize a combination of visits and
22 written surveys of teachers for the purpose of determining
23 sufficiency of textbooks and instructional materials in accordance
24 with subparagraph (A) of paragraph (1) of subdivision (a) of
25 Section 60119 and as defined in subdivision (c) of Section 60119.
26 If a county superintendent elects to conduct written surveys of
27 teachers, the county superintendent shall visit the schools surveyed
28 within the same academic year to verify the accuracy of the
29 information reported on the surveys. If a county superintendent
30 surveys teachers at a school in which the county superintendent
31 has found sufficient textbooks and instructional materials for the
32 previous two consecutive years and determines that the school
33 does not have sufficient textbooks or instructional materials, the
34 county superintendent shall, within 10 business days, provide a
35 copy of the insufficiency report to the school district as set forth
36 in paragraph (4).

37 (C) For purposes of this paragraph, “written surveys” may
38 include paper and electronic or online surveys.

39 (4) If the county superintendent determines that a school does
40 not have sufficient textbooks or instructional materials in

1 accordance with subparagraph (A) of paragraph (1) of subdivision
2 (a) of Section 60119 and as defined by subdivision (c) of Section
3 60119, the county superintendent shall do all of the following:

4 (A) Prepare a report that specifically identifies and documents
5 the areas or instances of noncompliance.

6 (B) Provide within five business days of the review, a copy of
7 the report to the school district, as provided in subdivision (c), or,
8 if applicable, provide a copy of the report to the school district
9 within 10 business days pursuant to subparagraph (B) of paragraph
10 (3).

11 (C) Provide the school district with the opportunity to remedy
12 the deficiency. The county superintendent shall ensure remediation
13 of the deficiency no later than the second month of the school term.

14 (D) If the deficiency is not remedied as required pursuant to
15 subparagraph (C), the county superintendent shall request the
16 department to purchase the textbooks or instructional materials
17 necessary to comply with the sufficiency requirement of this
18 subdivision. If the department purchases textbooks or instructional
19 materials for the school district, the department shall issue a public
20 statement at the first regularly scheduled meeting of the state board
21 occurring immediately after the department receives the request
22 of the county superintendent and that meets the applicable public
23 notice requirements, indicating that the district superintendent and
24 the governing board of the school district failed to provide pupils
25 with sufficient textbooks or instructional materials as required by
26 this subdivision. Before purchasing the textbooks or instructional
27 materials, the department shall consult with the district to determine
28 which textbooks or instructional materials to purchase. All
29 purchases of textbooks or instructional materials shall comply with
30 Chapter 3.25 (commencing with Section 60420) of Part 33 of
31 Division 4 of Title 2. The amount of funds necessary for the
32 purchase of the textbooks and materials is a loan to the school
33 district receiving the textbooks or instructional materials. Unless
34 the school district repays the amount owed based upon an
35 agreed-upon repayment schedule with the Superintendent, the
36 Superintendent shall notify the Controller and the Controller shall
37 deduct an amount equal to the total amount used to purchase the
38 textbooks and materials from the next principal apportionment of
39 the district or from another apportionment of state funds.

40 (j) Preserve carefully all reports of school officers and teachers.

(k) Deliver to his or her successor, at the close of his or her official term, all records, books, documents, and papers belonging to the office, taking a receipt for them, which shall be filed with the department.

(l) (1) Submit two reports during the fiscal year to the county board of education in accordance with the following:

(A) The first report shall cover the financial and budgetary status of the county office of education for the period ending October 31. The second report shall cover the period ending January 31. Both reports shall be reviewed by the county board of education and approved by the county superintendent no later than 45 days after the close of the period being reported.

(B) As part of each report, the county superintendent shall certify in writing whether or not the county office of education is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for two subsequent fiscal years. The certifications shall be classified as positive, qualified, or negative, pursuant to standards prescribed by the Superintendent, for the purposes of determining subsequent state agency actions pursuant to Section 1240.1. For purposes of this subdivision, a negative certification shall be assigned to a county office of education that, based upon current projections, will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year. A qualified certification shall be assigned to a county office of education that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A positive certification shall be assigned to a county office of education that will meet its financial obligations for the current fiscal year and two subsequent fiscal years. In accordance with those standards, the Superintendent may reclassify a certification. If a county office of education receives a negative certification, the Superintendent, or his or her designee, may exercise the authority set forth in subdivision (c) of Section 1630. Copies of each certification, and of the report containing that certification, shall be sent to the Superintendent at the time the certification is submitted to the county board of education. Copies of each qualified or negative certification and the report containing that certification shall be sent to the Controller at the time the certification is submitted to the county board of education.

1 (C) As part of each report submitted pursuant to this paragraph,
2 and any other report that indicates that a county office of education
3 is assigned a qualified certification as defined in this subdivision,
4 the Superintendent and the county superintendent shall clearly
5 distinguish between a county office of education that is assigned
6 a qualified certification because, based on current projections, it
7 may not meet its financial obligations only for the second
8 subsequent fiscal year following the current fiscal year, and a
9 county office of education that is otherwise assigned a qualified
10 certification.

11 (2) All reports and certifications required under this subdivision
12 shall be in a format or on forms prescribed by the Superintendent,
13 and shall be based on standards and criteria for fiscal stability
14 adopted by the state board pursuant to Section 33127. The reports
15 and supporting data shall be made available by the county
16 superintendent to an interested party upon request.

17 (3) This subdivision does not preclude the submission of
18 additional budgetary or financial reports by the county
19 superintendent to the county board of education or to the
20 Superintendent.

21 (4) The county superintendent is not responsible for the fiscal
22 oversight of the community colleges in the county, but; he or she
23 may perform financial services on behalf of those community
24 colleges.

25 (m) If requested, act as agent for the purchase of supplies for
26 the city and high school districts of his or her county.

27 (n) For purposes of Section 44421.5, report to the Commission
28 on Teacher Credentialing the identity of a certificated person who
29 knowingly and willingly reports false fiscal expenditure data
30 relative to the conduct of an educational program. This requirement
31 applies only if, in the course of his or her normal duties, the county
32 superintendent discovers information that gives him or her
33 reasonable cause to believe that false fiscal expenditure data
34 relative to the conduct of an educational program has been reported.

35 (o) *This section shall remain in effect only until July 1, 2015,*
36 *and as of that date is repealed, unless a later enacted statute, that*
37 *is enacted before July 1, 2015, deletes or extends that date.*

38 SEC. 2. Section 1240 is added to the Education Code, to read:

39 1240. The county superintendent of schools shall do all of the
40 following:

1 (a) *Superintend the schools of his or her county.*

2 (b) *Maintain responsibility for the fiscal oversight of each school*
3 *district in his or her county pursuant to the authority granted by*
4 *this code.*

5 (c) (1) *Visit and examine each school in his or her county at*
6 *reasonable intervals to observe its operation and to learn of its*
7 *problems. He or she annually may present a report of the state of*
8 *the schools in his or her county, and of his or her office, including,*
9 *but not limited to, his or her observations while visiting the schools,*
10 *to the board of education and the board of supervisors of his or*
11 *her county.*

12 (2) (A) *For fiscal years 2004–05 to 2006–07, inclusive, to the*
13 *extent that funds are appropriated for purposes of this paragraph,*
14 *the county superintendent, or his or her designee, annually shall*
15 *submit a report, at a regularly scheduled November board meeting,*
16 *to the governing board of each school district under his or her*
17 *jurisdiction, the county board of education of his or her county,*
18 *and the board of supervisors of his or her county describing the*
19 *state of the schools in the county or of his or her office that are*
20 *ranked in deciles 1 to 3, inclusive, of the 2003 base Academic*
21 *Performance Index (API), as defined in subdivision (b) of Section*
22 *17592.70, and shall include, among other things, his or her*
23 *observations while visiting the schools and his or her*
24 *determinations for each school regarding the status of all of the*
25 *circumstances listed in subparagraph (J) and teacher*
26 *misassignments and teacher vacancies. As a condition for receipt*
27 *of funds, the county superintendent, or his or her designee, shall*
28 *use a standardized template to report the circumstances listed in*
29 *subparagraph (J) and teacher misassignments and teacher*
30 *vacancies, unless the current annual report being used by the*
31 *county superintendent, or his or her designee, already includes*
32 *those details for each school.*

33 (B) *Commencing with the 2007–08 fiscal year, to the extent that*
34 *funds are appropriated for purposes of this paragraph, the county*
35 *superintendent, or his or her designee, annually shall submit a*
36 *report, at a regularly scheduled November board meeting, to the*
37 *governing board of each school district under his or her*
38 *jurisdiction, the county board of education of his or her county,*
39 *and the board of supervisors of his or her county describing the*
40 *state of the schools in the county or of his or her office that are*

1 ranked in deciles 1 to 3, inclusive, of the 2006 base API, pursuant
2 to Section 52056. As a condition for the receipt of funds, the annual
3 report shall include the determinations for each school made by
4 the county superintendent, or his or her designee, regarding the
5 status of all of the circumstances listed in subparagraph (J) and
6 teacher misassignments and teacher vacancies, and the county
7 superintendent, or his or her designee, shall use a standardized
8 template to report the circumstances listed in subparagraph (J)
9 and teacher misassignments and teacher vacancies, unless the
10 current annual report being used by the county superintendent, or
11 his or her designee, already includes those details with the same
12 level of specificity that is otherwise required by this subdivision.
13 For purposes of this section, schools ranked in deciles 1 to 3,
14 inclusive, on the 2006 base API shall include schools determined
15 by the department to meet either of the following:

16 (i) The school meets all of the following criteria:
17 (I) Does not have a valid base API score for 2006.
18 (II) Is operating in fiscal year 2007–08 and was operating in
19 fiscal year 2006–07 during the Standardized Testing and Reporting
20 (STAR) Program testing period.

21 (III) Has a valid base API score for 2005 that was ranked in
22 deciles 1 to 3, inclusive, in that year.

23 (ii) The school has an estimated base API score for 2006 that
24 would be in deciles 1 to 3, inclusive.

25 (C) The department shall estimate an API score for any school
26 meeting the criteria of subclauses (I) and (II) of clause (i) of
27 subparagraph (B) and not meeting the criteria of subclause (III)
28 of clause (i) of subparagraph (B), using available test scores and
29 weighting or corrective factors it deems appropriate. The
30 department shall post the API scores on its Internet Web site on
31 or before May 1.

32 (D) For purposes of this section, references to schools ranked
33 in deciles 1 to 3, inclusive, on the 2006 base API shall exclude
34 schools operated by county offices of education pursuant to Section
35 56140, as determined by the department.

36 (E) In addition to the requirements above, the county
37 superintendent, or his or her designee, annually shall verify both
38 of the following:

39 (i) That pupils who have not passed the high school exit
40 examination by the end of grade 12 are informed that they are

1 entitled to receive intensive instruction and services for up to two
2 consecutive academic years after completion of grade 12 or until
3 the pupil has passed both parts of the high school exit examination,
4 whichever comes first, pursuant to paragraphs (4) and (5) of
5 subdivision (d) of Section 37254.

6 (ii) That pupils who have elected to receive intensive instruction
7 and services, pursuant to paragraphs (4) and (5) of subdivision
8 (d) of Section 37254, are being served.

9 (F) (i) Commencing with the 2010–11 fiscal year and every
10 third year thereafter, the Superintendent shall identify a list of
11 schools ranked in deciles 1 to 3, inclusive, of the API for which
12 the county superintendent, or his or her designee, annually shall
13 submit a report, at a regularly scheduled November board meeting,
14 to the governing board of each school district under his or her
15 jurisdiction, the county board of education of his or her county,
16 and the board of supervisors of his or her county that describes
17 the state of the schools in the county or of his or her office that
18 are ranked in deciles 1 to 3, inclusive, of the base API as defined
19 in clause (ii).

20 (ii) For the 2010–11 fiscal year, the list of schools ranked in
21 deciles 1 to 3, inclusive, of the base API shall be updated using
22 the criteria set forth in clauses (i) and (ii) of subparagraph (B),
23 subparagraph (C), and subparagraph (D), as applied to the 2009
24 base API, and thereafter shall be updated every third year using
25 the criteria set forth in clauses (i) and (ii) of subparagraph (B),
26 subparagraph (C), and subparagraph (D), as applied to the base
27 API of the year preceding the third year consistent with clause (i).

28 (iii) As a condition for the receipt of funds, the annual report
29 shall include the determinations for each school made by the county
30 superintendent, or his or her designee, regarding the status of all
31 of the circumstances listed in subparagraph (J) and teacher
32 misassignments and teacher vacancies, and the county
33 superintendent, or his or her designee, shall use a standardized
34 template to report the circumstances listed in subparagraph (J)
35 and teacher misassignments and teacher vacancies, unless the
36 current annual report being used by the county superintendent, or
37 his or her designee, already includes those details with the same
38 level of specificity that is otherwise required by this subdivision.

39 (G) The county superintendent of the Counties of Alpine,
40 Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City

1 *and County of San Francisco shall contract with another county*
2 *office of education or an independent auditor to conduct the*
3 *required visits and make all reports required by this paragraph.*

4 *(H) On a quarterly basis, the county superintendent, or his or*
5 *her designee, shall report the results of the visits and reviews*
6 *conducted that quarter to the governing board of the school district*
7 *at a regularly scheduled meeting held in accordance with public*
8 *notification requirements. The results of the visits and reviews*
9 *shall include the determinations of the county superintendent, or*
10 *his or her designee, for each school regarding the status of all of*
11 *the circumstances listed in subparagraph (J) and teacher*
12 *misassignments and teacher vacancies. If the county*
13 *superintendent, or his or her designee, conducts no visits or reviews*
14 *in a quarter, the quarterly report shall report that fact.*

15 *(I) The visits made pursuant to this paragraph shall be*
16 *conducted at least annually and shall meet the following criteria:*

17 *(i) Minimize disruption to the operation of the school.*

18 *(ii) Be performed by individuals who meet the requirements of*
19 *Section 45125.1.*

20 *(iii) Consist of not less than 25 percent unannounced visits in*
21 *each county. During unannounced visits in each county, the county*
22 *superintendent shall not demand access to documents or specific*
23 *school personnel. Unannounced visits shall only be used to observe*
24 *the condition of school repair and maintenance, and the sufficiency*
25 *of instructional materials, as defined by Section 60119.*

26 *(J) The priority objective of the visits made pursuant to this*
27 *paragraph shall be to determine the status of all of the following*
28 *circumstances:*

29 *(i) Sufficient textbooks as defined in Section 60119 and as*
30 *specified in subdivision (i).*

31 *(ii) The condition of a facility that poses an emergency or urgent*
32 *threat to the health or safety of pupils or staff as defined in district*
33 *policy or paragraph (1) of subdivision (c) of Section 17592.72.*

34 *(iii) The accuracy of data reported on the school accountability*
35 *report card with respect to the availability of sufficient textbooks*
36 *and instructional materials, as defined by Section 60119, and the*
37 *safety, cleanliness, and adequacy of school facilities, including*
38 *good repair as required by Sections 17014, 17032.5, 17070.75,*
39 *and 17089.*

1 (iv) *The extent to which pupils who have not passed the high*
2 *school exit examination by the end of grade 12 are informed that*
3 *they are entitled to receive intensive instruction and services for*
4 *up to two consecutive academic years after completion of grade*
5 *12 or until the pupil has passed both parts of the high school exit*
6 *examination, whichever comes first, pursuant to paragraphs (4)*
7 *and (5) of subdivision (d) of Section 37254.*

8 (v) *The extent to which pupils who have elected to receive*
9 *intensive instruction and services, pursuant to paragraphs (4) and*
10 *(5) of subdivision (d) of Section 37254, are being served.*

11 (K) *The county superintendent may make the status*
12 *determinations described in subparagraph (J) during a single visit*
13 *or multiple visits. In determining whether to make a single visit or*
14 *multiple visits for this purpose, the county superintendent shall*
15 *take into consideration factors such as cost-effectiveness,*
16 *disruption to the schoolsite, deadlines, and the availability of*
17 *qualified reviewers.*

18 (L) *If the county superintendent determines that the condition*
19 *of a facility poses an emergency or urgent threat to the health or*
20 *safety of pupils or staff as defined in district policy or paragraph*
21 *(1) of subdivision (c) of Section 17592.72, or is not in good repair,*
22 *as specified in subdivision (d) of Section 17002 and required by*
23 *Sections 17014, 17032.5, 17070.75, and 17089, the county*
24 *superintendent, among other things, may do any of the following:*

25 (i) *Return to the school to verify repairs.*

26 (ii) *Prepare a report that specifically identifies and documents*
27 *the areas or instances of noncompliance if the district has not*
28 *provided evidence of successful repairs within 30 days of the visit*
29 *of the county superintendent or, for major projects, has not*
30 *provided evidence that the repairs will be conducted in a timely*
31 *manner. The report may be provided to the governing board of*
32 *the school district. If the report is provided to the school district,*
33 *it shall be presented at a regularly scheduled meeting held in*
34 *accordance with public notification requirements. The county*
35 *superintendent shall post the report on his or her Internet Web*
36 *site. The report shall be removed from the Internet Web site when*
37 *the county superintendent verifies the repairs have been completed.*

38 (d) *Distribute all laws, reports, circulars, instructions, and*
39 *blanks that he or she may receive for the use of the school officers.*

1 (e) *Annually, on or before August 15, present a report to the*
2 *governing board of the school district and the Superintendent*
3 *regarding the fiscal solvency of a school district with a disapproved*
4 *budget, qualified interim certification, or a negative interim*
5 *certification, or that is determined to be in a position of fiscal*
6 *uncertainty pursuant to Section 42127.6.*

7 (f) *Keep in his or her office the reports of the Superintendent.*

8 (g) *Keep a record of his or her official acts, and of all the*
9 *proceedings of the county board of education, including a record*
10 *of the standing, in each study, of all applicants for certificates who*
11 *have been examined, which shall be open to the inspection of an*
12 *applicant or his or her authorized agent.*

13 (h) *Enforce the course of study.*

14 (i) (1) *Enforce the use of state textbooks and instructional*
15 *materials and of high school textbooks and instructional materials*
16 *regularly adopted by the proper authority in accordance with*
17 *Section 51050.*

18 (2) *For purposes of this subdivision, sufficient textbooks or*
19 *instructional materials has the same meaning as in subdivision*
20 *(c) of Section 60119.*

21 (3) (A) *Commencing with the 2005–06 school year, if a school*
22 *is ranked in any of deciles 1 to 3, inclusive, of the base API, as*
23 *specified in paragraph (2) of subdivision (c), and not currently*
24 *under review pursuant to a state or federal intervention program,*
25 *the county superintendent specifically shall review that school at*
26 *least annually as a priority school. A review conducted for*
27 *purposes of this paragraph shall be completed by the fourth week*
28 *of the school year. For the 2004–05 fiscal year only, the county*
29 *superintendent shall make a diligent effort to conduct a visit to*
30 *each school pursuant to this paragraph within 120 days of receipt*
31 *of funds for this purpose.*

32 (B) *In order to facilitate the review of instructional materials*
33 *before the fourth week of the school year, the county superintendent*
34 *in a county with 200 or more schools that are ranked in any of*
35 *deciles 1 to 3, inclusive, of the base API, as specified in paragraph*
36 *(2) of subdivision (c), may utilize a combination of visits and*
37 *written surveys of teachers for the purpose of determining*
38 *sufficiency of textbooks and instructional materials in accordance*
39 *with subparagraph (A) of paragraph (1) of subdivision (a) of*
40 *Section 60119 and as defined in subdivision (c) of Section 60119.*

1 *If a county superintendent elects to conduct written surveys of*
2 *teachers, the county superintendent shall visit the schools surveyed*
3 *within the same academic year to verify the accuracy of the*
4 *information reported on the surveys. If a county superintendent*
5 *surveys teachers at a school in which the county superintendent*
6 *has found sufficient textbooks and instructional materials for the*
7 *previous two consecutive years and determines that the school*
8 *does not have sufficient textbooks or instructional materials, the*
9 *county superintendent shall, within 10 business days, provide a*
10 *copy of the insufficiency report to the school district as set forth*
11 *in paragraph (4).*

12 *(C) For purposes of this paragraph, “written surveys” may*
13 *include paper and electronic or online surveys.*

14 *(4) If the county superintendent determines that a school does*
15 *not have sufficient textbooks or instructional materials in*
16 *accordance with subparagraph (A) of paragraph (1) of subdivision*
17 *(a) of Section 60119 and as defined by subdivision (c) of Section*
18 *60119, the county superintendent shall do all of the following:*

19 *(A) Prepare a report that specifically identifies and documents*
20 *the areas or instances of noncompliance.*

21 *(B) Provide within five business days of the review, a copy of*
22 *the report to the school district, as provided in subdivision (c), or,*
23 *if applicable, provide a copy of the report to the school district*
24 *within 10 business days pursuant to subparagraph (B) of*
25 *paragraph (3).*

26 *(C) Provide the school district with the opportunity to remedy*
27 *the deficiency. The county superintendent shall ensure remediation*
28 *of the deficiency no later than the second month of the school term.*

29 *(D) If the deficiency is not remedied as required pursuant to*
30 *subparagraph (C), the county superintendent shall request the*
31 *department to purchase the textbooks or instructional materials*
32 *necessary to comply with the sufficiency requirement of this*
33 *subdivision. If the department purchases textbooks or instructional*
34 *materials for the school district, the department shall issue a public*
35 *statement at the first regularly scheduled meeting of the state board*
36 *occurring immediately after the department receives the request*
37 *of the county superintendent and that meets the applicable public*
38 *notice requirements, indicating that the district superintendent*
39 *and the governing board of the school district failed to provide*
40 *pupils with sufficient textbooks or instructional materials as*

1 *required by this subdivision. Before purchasing the textbooks or*
2 *instructional materials, the department shall consult with the*
3 *district to determine which textbooks or instructional materials to*
4 *purchase. All purchases of textbooks or instructional materials*
5 *shall comply with Chapter 3.25 (commencing with Section 60420)*
6 *of Part 33 of Division 4 of Title 2. The amount of funds necessary*
7 *for the purchase of the textbooks and materials is a loan to the*
8 *school district receiving the textbooks or instructional materials.*
9 *Unless the school district repays the amount owed based upon an*
10 *agreed-upon repayment schedule with the Superintendent, the*
11 *Superintendent shall notify the Controller and the Controller shall*
12 *deduct an amount equal to the total amount used to purchase the*
13 *textbooks and materials from the next principal apportionment of*
14 *the district or from another apportionment of state funds.*

15 *(j) Preserve carefully all reports of school officers and teachers.*

16 *(k) Deliver to his or her successor, at the close of his or her*
17 *official term, all records, books, documents, and papers belonging*
18 *to the office, taking a receipt for them, which shall be filed with*
19 *the department.*

20 *(l) (1) Submit two reports during the fiscal year to the county*
21 *board of education in accordance with the following:*

22 *(A) The first report shall cover the financial and budgetary*
23 *status of the county office of education for the period ending*
24 *October 31. The second report shall cover the period ending*
25 *January 31. Both reports shall be reviewed by the county board*
26 *of education and approved by the county superintendent no later*
27 *than 45 days after the close of the period being reported.*

28 *(B) As part of each report, the county superintendent shall*
29 *certify in writing whether or not the county office of education is*
30 *able to meet its financial obligations for the remainder of the fiscal*
31 *year and, based on current forecasts, for two subsequent fiscal*
32 *years. The certifications shall be classified as positive, qualified,*
33 *or negative, pursuant to standards prescribed by the*
34 *Superintendent, for the purposes of determining subsequent state*
35 *agency actions pursuant to Section 1240.1. For purposes of this*
36 *subdivision, a negative certification shall be assigned to a county*
37 *office of education that, based upon current projections, will not*
38 *meet its financial obligations for the remainder of the fiscal year*
39 *or for the subsequent fiscal year. A qualified certification shall be*
40 *assigned to a county office of education that may not meet its*

1 *financial obligations for the current fiscal year or two subsequent*
2 *fiscal years. A positive certification shall be assigned to a county*
3 *office of education that will meet its financial obligations for the*
4 *current fiscal year and subsequent two fiscal years. In accordance*
5 *with those standards, the Superintendent may reclassify a*
6 *certification. If a county office of education receives a negative*
7 *certification, the Superintendent, or his or her designee, may*
8 *exercise the authority set forth in subdivision (c) of Section 1630.*
9 *Copies of each certification, and of the report containing that*
10 *certification, shall be sent to the Superintendent at the time the*
11 *certification is submitted to the county board of education. Copies*
12 *of each qualified or negative certification and the report containing*
13 *that certification shall be sent to the Controller at the time the*
14 *certification is submitted to the county board of education.*

15 *(2) All reports and certifications required under this subdivision*
16 *shall be in a format or on forms prescribed by the Superintendent,*
17 *and shall be based on standards and criteria for fiscal stability*
18 *adopted by the state board pursuant to Section 33127. The reports*
19 *and supporting data shall be made available by the county*
20 *superintendent to an interested party upon request.*

21 *(3) This subdivision does not preclude the submission of*
22 *additional budgetary or financial reports by the county*
23 *superintendent to the county board of education or to the*
24 *Superintendent.*

25 *(4) The county superintendent is not responsible for the fiscal*
26 *oversight of the community colleges in the county, but he or she*
27 *may perform financial services on behalf of those community*
28 *colleges.*

29 *(m) If requested, act as agent for the purchase of supplies for*
30 *the city and high school districts of his or her county.*

31 *(n) For purposes of Section 44421.5, report to the Commission*
32 *on Teacher Credentialing the identity of a certificated person who*
33 *knowingly and willingly reports false fiscal expenditure data*
34 *relative to the conduct of an educational program. This*
35 *requirement applies only if, in the course of his or her normal*
36 *duties, the county superintendent discovers information that gives*
37 *him or her reasonable cause to believe that false fiscal expenditure*
38 *data relative to the conduct of an educational program has been*
39 *reported.*

40 *(o) This section shall become operative on July 1, 2015.*

1 ~~SEC. 2.~~

2 SEC. 3. Section 42131 of the Education Code is amended to
3 read:

4 42131. (a) (1) Pursuant to the reports required by Section
5 42130, the governing board of each school district shall certify, in
6 writing, within 45 days after the close of the period being reported,
7 whether the school district is able to meet its financial obligations
8 for the remainder of the fiscal year and, based on current forecasts,
9 for the subsequent fiscal year. These certifications shall be based
10 upon the *governing* board's assessment, on the basis of standards
11 and criteria for fiscal stability adopted by the ~~State Board of~~
12 ~~Education~~ *state board* pursuant to Section 33127, of the district
13 budget, as revised to reflect current information regarding the
14 adopted State Budget, district property tax revenues pursuant to
15 Chapter 6 (commencing with Section 95) of Part 0.5 of Division
16 1 of the Revenue and Taxation Code, and ending balances for the
17 preceding fiscal year as reported pursuant to Section 42100. The
18 certifications shall be classified as positive, qualified, or negative,
19 as prescribed by the Superintendent of Public Instruction for the
20 ~~for~~ purposes of determining subsequent actions by the
21 ~~Superintendent of Public Instruction~~, the Controller, or the county
22 superintendent of schools, pursuant to subdivisions (b) and (c).
23 These certifications shall be based upon the financial and budgetary
24 reports required by Section 42130, but may include additional
25 financial information known by the governing board to exist at the
26 time of each certification. For purposes of this subdivision, a
27 negative certification shall be assigned to any school district that,
28 based upon current projections, will be unable to meet its financial
29 obligations for the remainder of the fiscal year or the subsequent
30 fiscal year. A qualified certification shall be assigned to any school
31 district that, based upon current projections, may not meet its
32 financial obligations for the current fiscal year or two subsequent
33 fiscal years. A positive certification shall be assigned to any school
34 district that, based upon current projections, will meet its financial
35 obligations for the current fiscal year and two subsequent fiscal
36 years.

37 (2) (A) A copy of each certification and a copy of the report
38 submitted to the governing board pursuant to Section 42130 shall
39 be filed with the county superintendent of schools. If a county
40 office of education receives a positive certification when it

1 determines a negative or qualified certification should have been
2 filed, the county superintendent of schools shall change the
3 certification to negative or qualified, as appropriate, and, no later
4 than 75 days after the close of the period being reported, shall
5 provide notice of that action to the governing board of the school
6 district and to the Superintendent. No later than five days after a
7 school district receives notice from the county superintendent of
8 schools of a change in the district's certification to negative or
9 qualified, the governing board of the district may submit an appeal
10 to the Superintendent regarding the validity of that change, in
11 accordance with the criteria applied to those designations pursuant
12 to this subdivision. No later than 10 days after receiving that
13 appeal, the Superintendent shall determine the certification to be
14 assigned to the district, and shall notify the school district
15 governing board and the county superintendent of schools of that
16 determination.

17 (B) Copies of any certification in which the governing board is
18 unable to certify unqualifiedly that these financial obligations will
19 be met and a copy of the report submitted to the governing board
20 pursuant to Section 42130 shall be sent by the county office of
21 education to the Controller and the Superintendent at the time of
22 the certification, together with a completed transmittal form
23 provided by the Superintendent. Within 75 days after the close of
24 the reporting period on all school district certifications that are
25 classified as qualified or negative pursuant to this section, the
26 appropriate county superintendent of schools shall submit to the
27 Superintendent and the Controller his or her comments on those
28 certifications and report any action proposed or taken pursuant to
29 subdivision (b).

30 (3) All reports and certifications required under this subdivision
31 shall be in a format or on forms prescribed by the Superintendent,
32 and shall be based on standards and criteria for fiscal stability
33 adopted by the ~~State Board of Education~~ *state board* pursuant to
34 Section 33127.

35 (4) This subdivision does not preclude the submission of
36 additional budgetary or financial reports by the county
37 superintendent of schools to the district governing board, or to the
38 Superintendent.

39 (5) As part of each report submitted pursuant to Section 42130,
40 and any other report that indicates that a school district is assigned

1 a qualified certification as defined in this subdivision, the
2 Superintendent, a county superintendent, and the governing board
3 of a school district shall clearly distinguish between a school
4 district that is assigned a qualified certification because, based on
5 current projections, it may not meet its financial obligations only
6 for the second subsequent fiscal year following the current fiscal
7 year, and a school district that is otherwise assigned a qualified
8 certification.

9 (b) As to any school district having a negative or qualified
10 certification, the county superintendent of schools shall exercise
11 his or her authority, as necessary, pursuant to Section 42127.6.

12 (c) Within 75 days after the close of each reporting period, each
13 county superintendent of schools shall report to the Controller and
14 the Superintendent as to whether the governing board of each of
15 the school districts under his or her jurisdiction has submitted the
16 certification required by subdivision (a). That report shall account
17 for all districts under the jurisdiction of the county office of
18 education, and indicate the type of certification filed by each
19 district.

20 (d) The Controller's office may conduct an audit or review of
21 the fiscal condition of any district having a negative or qualified
22 certification.

23 (e) The governing board of each school district filing a qualified
24 or negative certification for the second report required under
25 Section 42130, or classified as qualified or negative by the county
26 superintendent of schools, shall provide to the county
27 superintendent of schools, the Controller, and the Superintendent
28 no later than June 1, financial statement projections of the district's
29 fund and cash balances through June 30 for the period ending April
30 30. The governing boards of all other school districts are
31 encouraged to develop a similar financial statement for use in
32 developing the beginning fund balances of the district for the
33 ensuing fiscal year.

34 (f) Any school district for which the county board of education
35 serves as the governing board is not subject to subdivisions (a) to
36 (e), inclusive, but is governed instead by the interim report,
37 monitoring, and review procedures set forth in subdivision (l) of
38 Section 1240 and in Article 2 (commencing with Section 1620)
39 of Chapter 5 of Part 2 of Division 1 of Title 1.

(g) The governing board of a school district that chooses to propose reductions or cuts to expenditures in the current *fiscal* year, after being assigned a qualified certification because it may not meet its financial obligations only for the second subsequent fiscal year following the current fiscal year, shall present that proposal and provide for public comment at an open meeting held ~~prior to~~ *before* the open meeting at which the governing board of the school district takes action on that proposal.

(h) The Superintendent may waive any reporting, certification, and intervention requirements based on the second subsequent fiscal year following the current fiscal year for a county office of education pursuant to Sections 1240 and 1630, and for a school district pursuant to Sections 42127.6, ~~42130, and 42131~~ *and 42130 and this section*, if all of the following conditions are met:

(1) The county superintendent acting for the county office of education or the governing board of the school district requests that the waiver be approved, and provides any information, upon request, that is needed by the department to analyze the waiver request.

(2) In the case of a school district requesting a waiver pursuant to this subdivision, the county superintendent of the county where that school district is located provides a letter supporting the waiver.

(3) The Superintendent determines with reasonable certainty, based on the requestor's fiscal history, current financial status and budget projections, and the Superintendent's expectations concerning future funding levels, that the county office of education or school district will meet its financial obligations for the second subsequent fiscal year following the current fiscal year.

(i) This section shall remain in effect only until July 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before July 1, 2015, deletes or extends that date.

SEC. 4. Section 42131 is added to the Education Code, to read:

42131. (a) (1) Pursuant to the reports required by Section 42130, the governing board of each school district shall certify, in writing, within 45 days after the close of the period being reported, whether the school district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the subsequent fiscal year. These certifications shall be based upon the governing board's

1 *assessment, on the basis of standards and criteria for fiscal stability*
2 *adopted by the state board pursuant to Section 33127, of the district*
3 *budget, as revised to reflect current information regarding the*
4 *adopted State Budget, district property tax revenues pursuant to*
5 *Chapter 6 (commencing with Section 95) of Part 0.5 of Division*
6 *1 of the Revenue and Taxation Code, and ending balances for the*
7 *preceding fiscal year as reported pursuant to Section 42100. The*
8 *certifications shall be classified as positive, qualified, or negative,*
9 *as prescribed by the Superintendent for purposes of determining*
10 *subsequent actions by the Superintendent, the Controller, or the*
11 *county superintendent of schools, pursuant to subdivisions (b) and*
12 *(c). These certifications shall be based upon the financial and*
13 *budgetary reports required by Section 42130, but may include*
14 *additional financial information known by the governing board*
15 *to exist at the time of each certification. For purposes of this*
16 *subdivision, a negative certification shall be assigned to any school*
17 *district that, based upon current projections, will be unable to*
18 *meet its financial obligations for the remainder of the fiscal year*
19 *or the subsequent fiscal year. A qualified certification shall be*
20 *assigned to any school district that, based upon current projections,*
21 *may not meet its financial obligations for the current fiscal year*
22 *or two subsequent fiscal years. A positive certification shall be*
23 *assigned to any school district that, based upon current projections,*
24 *will meet its financial obligations for the current fiscal year and*
25 *subsequent two fiscal years.*

26 *(2) (A) A copy of each certification and a copy of the report*
27 *submitted to the governing board pursuant to Section 42130 shall*
28 *be filed with the county superintendent of schools. If a county office*
29 *of education receives a positive certification when it determines*
30 *a negative or qualified certification should have been filed, the*
31 *county superintendent of schools shall change the certification to*
32 *negative or qualified, as appropriate, and, no later than 75 days*
33 *after the close of the period being reported, shall provide notice*
34 *of that action to the governing board of the school district and to*
35 *the Superintendent. No later than five days after a school district*
36 *receives notice from the county superintendent of schools of a*
37 *change in the district's certification to negative or qualified, the*
38 *governing board of the district may submit an appeal to the*
39 *Superintendent regarding the validity of that change, in accordance*
40 *with the criteria applied to those designations pursuant to this*

1 subdivision. No later than 10 days after receiving that appeal, the
2 Superintendent shall determine the certification to be assigned to
3 the district, and shall notify the school district governing board
4 and the county superintendent of schools of that determination.

5 (B) Copies of any certification in which the governing board is
6 unable to certify unqualifiedly that these financial obligations will
7 be met and a copy of the report submitted to the governing board
8 pursuant to Section 42130 shall be sent by the county office of
9 education to the Controller and the Superintendent at the time of
10 the certification, together with a completed transmittal form
11 provided by the Superintendent. Within 75 days after the close of
12 the reporting period on all school district certifications that are
13 classified as qualified or negative pursuant to this section, the
14 appropriate county superintendent of schools shall submit to the
15 Superintendent and the Controller his or her comments on those
16 certifications and report any action proposed or taken pursuant
17 to subdivision (b).

18 (3) All reports and certifications required under this subdivision
19 shall be in a format or on forms prescribed by the Superintendent,
20 and shall be based on standards and criteria for fiscal stability
21 adopted by the state board pursuant to Section 33127.

22 (4) This subdivision does not preclude the submission of
23 additional budgetary or financial reports by the county
24 superintendent of schools to the district governing board, or to
25 the Superintendent.

26 (b) As to any school district having a negative or qualified
27 certification, the county superintendent of schools shall exercise
28 his or her authority, as necessary, pursuant to Section 42127.6.

29 (c) Within 75 days after the close of each reporting period, each
30 county superintendent of schools shall report to the Controller
31 and the Superintendent as to whether the governing board of each
32 of the school districts under his or her jurisdiction has submitted
33 the certification required by subdivision (a). That report shall
34 account for all districts under the jurisdiction of the county office
35 of education and indicate the type of certification filed by each
36 district.

37 (d) The Controller's office may conduct an audit or review of
38 the fiscal condition of any district having a negative or qualified
39 certification.

1 (e) *The governing board of each school district filing a qualified*
2 *or negative certification for the second report required under*
3 *Section 42130, or classified as qualified or negative by the county*
4 *superintendent of schools, shall provide to the county*
5 *superintendent of schools, the Controller, and the Superintendent*
6 *no later than June 1, financial statement projections of the district's*
7 *fund and cash balances through June 30 for the period ending*
8 *April 30. The governing boards of all other school districts are*
9 *encouraged to develop a similar financial statement for use in*
10 *developing the beginning fund balances of the district for the*
11 *ensuing fiscal year.*

12 (f) *Any school district for which the county board of education*
13 *serves as the governing board is not subject to subdivisions (a) to*
14 *(e), inclusive, but is governed instead by the interim report,*
15 *monitoring, and review procedures set forth in subdivision (l) of*
16 *Section 1240 and in Article 2 (commencing with Section 1620) of*
17 *Chapter 5 of Part 2 of Division 1 of Title 1.*

18 (g) *This section shall become operative on July 1, 2015.*